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COMMERCE FOR ADVOCACY CENTER

E.O. 12958: DECL: 03/16/2023  
TAGS: [ENRG](#) [KNNP](#) [ECON](#) [PREL](#) [EG](#)  
SUBJECT: EGYPT NUCLEAR POWER UPDATE: CONSULTANT  
TENDER/DRAFT LAW, GNEP/NPT, FUEL SUPPLY CONFERENCE

REF: A. 02-26-08 CAIRO-NEA/ELA EMAIL  
[1](#)B. CAIRO 190  
[1](#)C. CAIRO 84  
[1](#)D. 07 CAIRO 3464 (NOTAL)  
[1](#)E. 07 CAIRO 3406

Classified by Ambassador Francis J. Ricciardone, reasons 1.4  
(b) and (d).

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Summary  
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[1](#)1. (C) Bids for an international consultant to advise Egypt's civilian nuclear power program are due on May 15, and the GOE expects its draft nuclear legislation, which is currently under review by the IAEA, to reach the floor of parliament in March or April. The MFA told us that Egypt will not formally join GNEP, or any other nuclear initiative, pending "positive" movement on NPT-related issues, and warned the USG not to "push too hard" on GNEP membership. Rosatom official Vladimir Kuchinov told a recent Cairo conference audience that Iran had no basis to pursue enrichment, and advised Arab countries to focus on acquiring the many technologies they will need to safely operate nuclear power plants rather than worrying about enrichment rights or issues of fuel supply "trust." End summary.

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Progress Update  
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[1](#)2. (C) Per ref A, The Egyptian Nuclear Power Plants Authority (NPPA) is currently tendering for an international consultant to oversee the roll-out of the nuclear power plants program. Industry contacts have told us that at least eight companies/consortiums were considering bids, including Bechtel, Tractebel, Sargent and Lundy, and WorleyParsons. The NPPA is planning to host an informational meeting for prospective bidders on March 31, and the bid submission deadline is May 15. Despite press speculation to the contrary, Ministry of Electricity and Energy (MOEE) contacts tell us that the MOEE has not/not yet declared the site at El Daba'a on Egypt's northern coast as the location of the first reactor, despite initial site investigations proving it as an adequate for the installation of the planned 1,000 MW plant.

[1](#)3. (C) MOEE contacts have also recently confirmed press

reports that the draft "nuclear bill" legislation is still with the IAEA for their review and comments. The draft legislation will seek to legislatively delineate the roles and responsibilities of the various GOE entities with stakes in the nuclear power program, and potentially may include provision for a separate nuclear security agency as well as a safety and oversight authority independent from the MOEE. Following the completion of IAEA review, which the MOEE expects in March or April, the MOEE will present the bill to the floor of the People's Assembly. The Embassy has offered the MOEE on several occasions the benefit of a U.S. technical review of the draft, although they have yet to take up our offer. Minister of Electricity and Energy Younes met with People's Assembly leaders in late-February to discuss the bill and broader nuclear energy plans. Parliament's Foreign Relations Committee has called for the implementation of the civilian nuclear energy program "as soon as possible."

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March 8 - 9 Nuclear Fuel Supply Conference  
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¶4. (C) DOE DAS for Global Partnership Development Ed McGinnis visited Cairo March 8 - 9 to attend a "second-track" discussion on nuclear fuel supply initiatives hosted by the Egyptian Council on Foreign Affairs and the Laundau Network Centro Volta of Como, Italy. The organizers purpose was to gather some prominent personalities from the bureaucratic/technocratic and scientific circles of the nuclear world in an unofficial setting to discuss the Middle East region's burgeoning nuclear power programs and the issue of nuclear fuel supply. In addition to DAS McGinnis, official government officials included Vladimir Kuchinov, Head of the International Cooperation Department of the Russian Federal Agency for Nuclear Energy (Rosatom), as well

as officials from the Egyptian MOEE, MFA, and Arab League. Former Egyptian Minister of Energy and current Head of the ruling National Democratic Party's Energy Committee Dr. Ali el Saiedi played a significant role in the conference proceedings and moderated a panel discussion on managing the commercial fuel cycle.

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Kuchinov on Iran, Fuel Supply "Trust"  
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¶5. (C) In addition to discussions of Arab desires to acquire civilian nuclear power capabilities, the issue of Iranian enrichment frequently surfaced. Kuchinov said that Iran had no basis to pursue enrichment, and not-so-subtly chided any Arab nations that wish to discuss enrichment "rights" at this stage by saying that aspiring countries should rather focus on acquiring the many technologies they will need to safely operate nuclear power plants first. Apparently in reference to Saudi Arabia and other Gulf countries, Kuchinov also said that countries believing they can just buy a reactor off the shelf, purely because they have the cash to do so, "may not fully recognize the responsibility" that having a nuclear program entails with regard to safety.

¶6. (C) Responding to Tunis-based Arab Atomic Energy Agency Head Mahmoud Nasserredine's comments about Arab states not being able to "trust" fuel supply guarantees, Kuchinov said that "talk of trust vs. no trust is a road to nowhere" and that Arabs should be talking about building their market, infrastructure, etc. instead as "there is no history whatsoever of a refusal to supply nuclear fuel." Even despite all of the problems with Iran, he said, fuel continues to be supplied and construction of Bushehr continues -- "what more assurances do you need?" Kuchinov added that the Bushehr plant does not require a domestic enrichment program.

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Joining GNEP  
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¶17. (C) Head of the MFA Disarmament Office Aly Sirry told McGinnis on March 9 that Egypt is taking a deliberate policy decision not to formally join at present any of the various nuclear partnerships on the table and that it will continue to weigh all options. After explaining to MFA's worries regarding the eroding centrality of the NPT in the global non-pro regime, Sirry told McGinnis that Egypt was unlikely to make any formal move on GNEP or any other initiatives until there is "positive movement" on NPT issues. He added, however, that Egypt would like to remain an observer in GNEP and inquired of any time limits for doing so (GNEP documents only refer to a "reasonable" period of observership). Sirry also warned McGinnis "not to push too hard" on Egypt's membership; a point echoed by other energy contacts.

¶18. (C) Noting sentiments expressed by some Arab delegates to the March 8-9 nuclear fuel supply initiatives conference about how Arabs want to be an integral part of the development of global nuclear energy and not just purchasers of power plants, DAS McGinnis responded to Sirry that GNEP would be the perfect vehicle to positively engage in the process as it is still early enough in its development and that all members enjoy equal rights. Separately, Ali el Saiedi said that in principle Egypt could work with GNEP, but he still views it as more relevant to the future than the present.

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Comment  
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¶19. (C) We should take seriously the MFA's admonition not to "push to hard" on GNEP. The U.S. stands in a good position to cooperate with Egypt on nuclear power development both commercially and technically, all while engaging Egypt on non-proliferation concerns. Influential members of the energy technocracy (and NDP Energy Committee) have said explicitly that they like the GNEP concept and would decide on joining when they were ready, and our commercial interests appear well-positioned. We have been fortunate to have had Secretary Bodman, UNVIE Ambassador Greg Schulte, and DOE DAS

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Ed McGinnis visit Cairo in recent months to carry our invitation for Egypt to join GNEP. The Egyptians have told us they are well aware of the partnership and its advantages. Pressing too hard now for Egypt to formally join could cast a shadow of suspicion over our motives and endanger future cooperation and commercial interests.  
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